

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 USIA-15 FEA-02 SCI-06

TRSE-00 AID-20 CIAE-00 INR-11 NSAE-00 RSC-01 /092 R

66615

DRAFTED BY COM/A. PLANAGAN

APPROVED BY EB/OCA/REP:LAKLIEFORTH

RSTECHSCHULTE:BEWT:COMM

JKAY:BEWT:COMM

DPIGGOT:BEWT:COMM

PHOROSCHAK:BEWT:COMM

JYORK: BEWT:COMM

SABRAHAMSON:OEWD:BEWT:COMM

RCHRISTENSEN STATE/EUR/EE

EB/EWT:SHAAS

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FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

C O N F I D E N T I A L STATE 203556

E.O. 11652: GDS

TAGS: EIND, ETRD, ETRN, RO

SUBJECT: AMBASSADOR'S CALL ON MINISTER OF HEAVY MACHINE

AVRAM

REF: BUCHAREST 3609

1. IN RESPONSE TO AMBASSADOR'S MEETING WITH AVRAM, DURING WHICH AVRAM STATED THAT ROMANIA WOULD WELCOME MORE ACTIVE U.S. PARTICIPATION IN A NUMBER OF GOR INDUSTRIAL PROJECTS, BEWT SURVEYED POTENTIAL U.S. INDUSTRY INTEREST. RESULTS FOLLOW.

2. ROLLER BEARINGS - U.S. BEARING MANUFACTURERS HAVE BEEN CONSIDERING OR NEGOTIATING A NUMBER OF PROJECTS THROUGHOUT EASTERN EUROPE WITH A POTENTIAL EXPORT VALUE OF SEVERAL
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HUNDRED MILLION DOLLARS. BEFORE ANY COMMITMENT CAN BE MADE

REGARDING ROMANIA, HOWEVER, ADDITIONAL, PRECISE INFORMATION ON GOR PLANS IN THIS AREA IS REQUIRED. AS EMBASSY NOTED, ROLLWAY PROJECT CONTINUES UNDER ACTIVE NEGOTIATION.

3. HEAVY TRUCKS - G.M., WHICH HAD HELD UNSUCCESSFUL TALKS WITH THE GOR ON THIS PROJECT EARLIER, REMAINS INTERESTED IN LEARNING THE PRECISE NATURE OF THE LATEST G.O.R. PROPOSAL. EARLIER GOR THINKING CENTERED ON EXPORTING ALMOST ALL OF THE PROPOSED PROJECT'S OUTPUT, A FEAT G.M. CONSIDERS HIGHLY UNREALISTIC. FORD'S NEW DIRECTOR FOR INTERNATIONAL PLANNING, CRAIG HAUSMAN STATED THAT HIS COMPANY WOULD BE RECEPTIVE TO RECEIVING DETAILED INFORMATION ON THE GOR PLANS FOR ITS HEAVY TRUCK INDUSTRY. HE ALSO INFORMED US THAT AMBASSADOR BOGDAN HAS RECENTLY REQUESTED AN INVITATION TO FORD'S OFFICES IN DETROIT. THE ROMANIAN COMMERCIAL OFFICE, HOWEVER, DECLINED TO INFORM FORD AS TO THE REASONS FOR THE VISIT. FORD'S CURRENT THINKING IS THAT IT WILL ISSUE THE INVITATION SHORTLY EVEN IN THE ABSENCE OF A STATED PURPOSE. THE COMPANY ALSO EMPHASIZED THAT UNTIL IT HAD COMPLETE INFORMATION ON THIS PROJECT IT COULD NOT COMMIT ITSELF ONE WAY OR THE OTHER.

4. EXCAVATORS - BUCYRUS ERIE'S DIRECTOR OF INTERNATIONAL SALES, RICHARD ANDREWS, SAID HIS COMPANY IS ACTIVELY NEGOTIATING SEVERAL EQUIPMENT SALES THROUGH THE MINISTRY OF MINING AND IMPEXMIN. THE COMPANY'S CURRENT THINKING REGARDING A MANUFACTURING FACILITY IN THE GOR CENTERS ON INSTALLATIONS FOR THE MANUFACTURING OF WEARING SPARES AND COMPONENT PARTS FOR EXCAVATORS. BUCYRUS ERIE'S JOHN ROW HAS BEEN INVOLVED IN THESE DISCUSSIONS, AND THE COMPANY IS PREPARED TO MOVE ON THIS WITH THE MINISTRY OF MINING.

5. MACHINE TOOLS - THESE PROJECTS ARE BEING ACTIVELY PURSUED UNDER THE AEGIS OF THE NATIONAL MACHINE TOOL BUILDERS ASSOCIATION BY A NUMBER OF MAJOR U.S. COMPANIES. A ROMANIAN TECHNICAL DELEGATION VISITED THE INTERNATIONAL MACHINE TOOL SHOW IN CHICAGO SEPTEMBER 4TH THROUGH 13TH, MET WITH MANY FIRMS, AND WILL BE TOURING THE US VISITING FACTORIES FOR ANOTHER COUPLE OF WEEKS. BEWT HAS OFFERED THE DELEGATION ALL POSSIBLE ASSISTANCE. CONFIDENTIAL

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6. OFFSHORE OIL EXPLORATION - CONOCO HAS BEEN DISCUSSING JOINT OIL EXPLORATION FOR THIRD COUNTRIES WITH ROMANIA FOR SEVERAL YEARS AND RECENTLY SUBMITTED FORMAL PROPOSAL. GULF HAS SIGNED LETTER OF INTENT WITH ROMANIA FOR THIRD COUNTRY OIL EXPLORATION. OTHER FIRMS EXPRESSING INTEREST ARE SUN OIL, CITIES SERVICE, OCCIDENTIAL, TEXACO, MARATHON, TENNECO OIL, AND PHILLIPS PETROLEUM.

ANOTHER MAJOR INTERNATIONAL OIL COMPANY EXPRESSED INTEREST BUT WAS RELUCTANT TO COMMIT ITSELF AS IT HAS SO MANY AREAS OF EXPLORATION AT PRESENT. THIS FIRM WOULD LIKE MORE INFORMATION ON PARAMETERS OF ROMANIAN PROPOSAL AND THIRD COUNTRIES BEING CONSIDERED. ANY MORE DETAILS ON ROMANIAN PROPOSAL WHICH EMBASSY CAN DEVELOP WOULD BE HELPFUL TO ALL FIRMS IN DECIDING WHETHER TO FOLLOW UP ON ROMANIAN INITIATIVE. MOST FIRMS ARE HOPING JOINT COOPERATION WOULD LEAD TO PRC OR OTHER AREAS INACCESSABLE TO U.S. FIRMS.

7. SHIPBUILDING - BEWT HAS BEGUN CONTACTING NUMEROUS SHIP EQUIPMENT MANUFACTURERS AND WILL RELAY RESULTS OF CANVASSING WHEN AVAILABLE.

8. AGRICULTURAL EQUIPMENT - PRELIMINARY INDICATIONS ARE THAT U.S. COMPANIES WOULD BE INTERESTED IN EXPLORING COOPERATION IN THIS AREA WITH ROMANIANS; HOWEVER SPECIFIC DETAILS ON TYPES OF EQUIPMENT, PROJECTED SIZE OF PROJECTS AND ANTICIPATED FORM OF ROMANIAN INPUTS ARE NECESSARY BEFORE MORE MEANINGFUL RESPONSES CAN BE RECEIVED FROM U.S. COMPANIES.

9. COMMENT - DESPITE THE IMPRESSION CONVEYED BY MINISTER AVRAM, IT IS CLEAR FROM OUR CONVERSATIONS WITH INDUSTRY THAT A SIGNIFICANT NUMBER OF U.S. FIRMS HAVE ALREADY BEGUN DISCUSSIONS AND/OR NEGOTIATIONS WITH THE G.O.R. ON THESE PROJECTS. IT APPEARS TO US THAT THE G.O.R. MAY ONCE AGAIN BE ATTEMPTING TO INTERJECT THE U.S.G. INTO THE NEGOTIATIONS IN THE BELIEF THAT THIS WILL CONVINCE U.S. FIRMS TO CONCLUDE THE TRANSACTIONS, OR OTHERWISE CONVEY U.S.G. APPROVAL. AMBASSADOR MAY WISH TO EMPHASIZE IN CONVERSATIONS WITH AVRAM THAT WE ENCOURAGE BUSINESS
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RELATIONSHIPS BETWEEN U.S. FIRMS AND ROMANIAN ORGANIZATIONS AND ARE PLEASED TO CONVEY G.O.R. PROJECT INTERESTS TO POTENTIALLY INTERESTED FIRMS. HOWEVER, IT COULD PROVE COUNTERPRODUCTIVE FOR THE U.S.G. TO INTERJECT ITSELF INTO ONGOING CORPORATE NEGOTIATIONS WITH THE G.O.R. THE DECISION TO CONCLUDE A CONTRACT MUST COME FROM THE U.S. FIRM ITSELF, BASED ON THAT FIRM'S EVALUATION OF THE TRANSACTION. WE HAVE MADE SAME POINTS TO ROMANIAN EMBASSY AND COMMERCIAL OFFICE OFFICIALS IN U.S.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE PROMOTION, NEGOTIATIONS, FOREIGN INVESTMENTS, PROGRAMS (PROJECTS), DIPLOMATIC DISCUSSIONS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE203556
Document Source: CORE
Document Unique ID: 00
Drafter: A. PLANAGAN
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740260-0262
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740941/aaaabitj.tel
Line Count: 164
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN COME
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: BUCHAREST 3609
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 04 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 JUN 2002 by boyleja>; APPROVED <06 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR'S CALL ON MINISTER OF HEAVY MACHINE AVRAM
TAGS: EIND, ETRD, ETRN, RO, US
To: BUCHAREST
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005